

BLENDON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2004

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

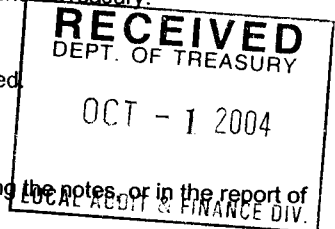
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Blendon Township	County Ottawa
Audit Date 3/31/03	Opinion Date 6/2/04	Date Accountant Report Submitted to State: 9/20/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Kiekoover, Scholma & Shumaker, PC			
Street Address 205 East Main		City Zeeland	State MI
Accountant Signature <i>Kiekoover, Scholma & Shumaker, PC</i>		ZIP 49464	Date 9/20/04

Blendon Township
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2004

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INDEPENDENT AUDITOR'S REPORT

June 2, 2004

Township Board
Blendon Township
Hudsonville, Michigan

We have audited the accompanying general purpose financial statements of Blendon Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Blendon Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Blendon Township as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Blendon Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The information listed in the foregoing table of contents under the caption "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" was not examined by us and, accordingly, we express no opinion on it.

Kiekover, Scholma & Shumaker, PC
Kiekover, Scholma & Shumaker, PC
Certified Public Accountants

General Purpose
Financial Statements

Blendon Township
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>
ASSETS AND OTHER DEBITS			
Cash and investments	\$ 1,088,199	\$ 79,648	\$ 635,168
Receivables:			
Taxes	34,197	-	-
Assessments	55,110	-	-
Due from other funds	179,458	455,109	-
Fixed assets	-	-	-
Amount to be provided for long-term debt	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u><u>\$ 1,356,964</u></u>	<u><u>\$ 534,757</u></u>	<u><u>\$ 635,168</u></u>
LIABILITIES, EQUITY AND OTHER CREDITS			
Liabilities:			
Accounts payable	\$ 8,790	\$ 2,282	\$ -
Due to other funds	15,145	-	619,422
Due to other governmental units	-	-	12,193
Escrow deposits	-	-	3,553
Deferred revenue	55,110	-	-
Accrued wages	-	5,925	-
Current portion long-term debt	-	-	-
Long-term debt exclusive of current portion	-	-	-
Total Liabilities	<u><u>79,045</u></u>	<u><u>8,207</u></u>	<u><u>635,168</u></u>
Equity and Other Credits:			
Investments in general fixed assets	-	-	-
Fund Balances:			
Reserved for inspections	-	44,096	-
Unreserved	<u>1,277,919</u>	<u>482,454</u>	<u>-</u>
Total Equity and Other Credits	<u><u>1,277,919</u></u>	<u><u>526,550</u></u>	<u><u>-</u></u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u><u>\$ 1,356,964</u></u>	<u><u>\$ 534,757</u></u>	<u><u>\$ 635,168</u></u>

The notes to financial statements are an integral part of this statement.

Account Groups		Totals (Memorandum Only)	
General Fixed Assets	General Long-Term Debt	2004	2003
\$ -	\$ -	\$ 1,803,015	\$ 1,886,210
-	-	34,197	32,749
-	-	55,110	58,003
-	-	634,567	601,944
1,947,919	-	1,947,919	1,947,919
-	-	-	40,298
<u>\$ 1,947,919</u>	<u>\$ -</u>	<u>\$ 4,474,808</u>	<u>\$ 4,567,123</u>
\$ -	\$ -	\$ 11,072	\$ 11,799
-	-	634,567	601,944
-	-	12,193	355,246
-	-	3,553	1,585
-	-	55,110	58,003
-	-	-	40,298
-	-	-	-
-	-	722,420	1,068,875
1,947,919	-	1,947,919	1,947,919
-	-	44,096	31,163
-	-	1,760,373	1,519,166
<u>1,947,919</u>	<u>-</u>	<u>3,752,388</u>	<u>3,498,248</u>
<u>\$ 1,947,919</u>	<u>\$ -</u>	<u>\$ 4,474,808</u>	<u>\$ 4,567,123</u>

Blendon Township
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 Year Ended March 31, 2004

	General	Special Revenue
Revenues:		
Taxes	\$ 154,477	\$ 440,011
Special assessments	9,191	-
State shared revenues	409,727	-
Charges for services	70,401	49,515
Interest	9,143	1,938
Rents	5,536	-
Reimbursements	6,602	-
Other	<u>30,554</u>	<u>8,543</u>
Total Revenues	<u>695,631</u>	<u>500,007</u>
Expenditures:		
Current:		
General government	192,375	-
Public safety	35,570	-
Public works	214,345	394,633
Other	26,636	-
Capital outlay	6,595	29,055
Debt service:		
Principal retirement	-	40,298
Interest and fiscal charges	<u>-</u>	<u>1,991</u>
Total Expenditures	<u>475,521</u>	<u>465,977</u>
Excess (Deficiency) Of Revenues Over Expenditures	220,110	34,030
Other Financing Sources (Uses):		
Operating transfers in	98,188	122,500
Operating transfers out	<u>(122,500)</u>	<u>(98,188)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	195,798	58,342
Fund Balances, April 1	<u>1,082,121</u>	<u>468,208</u>
Fund Balances, March 31	<u>\$ 1,277,919</u>	<u>\$ 526,550</u>

The notes to financial statements are an integral part of this statement.

Totals
(Memorandum Only)

<u>2004</u>	<u>2003</u>
\$ 594,488	\$ 568,752
9,191	8,373
409,727	443,391
119,916	103,136
11,081	39,985
5,536	7,875
6,602	2,378
<u>39,097</u>	<u>46,307</u>
<u>1,195,638</u>	<u>1,220,197</u>
192,375	201,817
35,570	52,247
608,978	647,535
26,636	25,999
35,650	486,600
40,298	38,400
<u>1,991</u>	<u>3,888</u>
<u>941,498</u>	<u>1,456,486</u>
254,140	(236,289)
220,688	463,883
<u>(220,688)</u>	<u>(463,883)</u>
254,140	(236,289)
<u>1,550,329</u>	<u>1,786,618</u>
<u>\$ 1,804,469</u>	<u>\$ 1,550,329</u>

Blendon Township
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
 Year Ended March 31, 2004

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 156,830	\$ 154,477	\$ (2,353)	\$ 422,553	\$ 440,011	\$ 17,458
Special assessments	5,615	9,191	3,576	-	-	-
State shared revenues	395,707	409,727	14,020	-	-	-
Charges for services	30,107	70,401	40,294	17,425	49,515	32,090
Interest	3,080	9,143	6,063	2,900	1,938	(962)
Rents	1,500	5,536	4,036	-	-	-
Reimbursements	-	6,602	6,602	-	-	-
Other	6,000	30,554	24,554	150	8,543	8,393
Total Revenues	<u>598,839</u>	<u>695,631</u>	<u>96,792</u>	<u>443,028</u>	<u>500,007</u>	<u>56,979</u>
Expenditures:						
Current:						
General government	251,334	192,375	58,959	-	-	-
Public safety	54,816	35,570	19,246	-	-	-
Public works	455,075	214,345	240,730	526,745	394,633	132,112
Other	20,587	26,636	(6,049)	-	-	-
Capital outlay	27,105	6,595	20,510	26,300	29,055	(2,755)
Debt service:						
Principal retirement	-	-	-	40,298	40,298	-
Interest and fiscal charges	-	-	-	1,991	1,991	-
Total Expenditures	<u>808,917</u>	<u>475,521</u>	<u>333,396</u>	<u>595,334</u>	<u>465,977</u>	<u>129,357</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(210,078)	220,110	430,188	(152,306)	34,030	186,336
Other Financing Sources (Uses):						
Operating transfer in	-	98,188	98,188	235,000	122,500	(112,500)
Operating transfer out	(125,000)	(122,500)	2,500	(98,188)	(98,188)	-
Excess (Deficiency) Of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(335,078)	195,798	530,876	(15,494)	58,342	73,836
Fund Balances, April 1	<u>1,082,121</u>	<u>1,082,121</u>	<u>-</u>	<u>468,208</u>	<u>468,208</u>	<u>-</u>
Fund Balances, March 31	<u>\$ 747,043</u>	<u>\$ 1,277,919</u>	<u>\$ 530,876</u>	<u>\$ 452,714</u>	<u>\$ 526,550</u>	<u>\$ 73,836</u>

The notes to financial statements are an integral part of this statement.

Totals
(Memorandum Only)

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 579,383	\$ 594,488	\$ 15,105
5,615	9,191	3,576
395,707	409,727	14,020
47,532	119,916	72,384
5,980	11,081	5,101
1,500	5,536	4,036
-	6,602	6,602
<u>6,150</u>	<u>39,097</u>	<u>32,947</u>
<u>1,041,867</u>	<u>1,195,638</u>	<u>153,771</u>
251,334	192,375	58,959
54,816	35,570	19,246
981,820	608,978	372,842
20,587	26,636	(6,049)
53,405	35,650	17,755
40,298	40,298	-
<u>1,991</u>	<u>1,991</u>	<u>-</u>
<u>1,404,251</u>	<u>941,498</u>	<u>462,753</u>
(362,384)	254,140	616,524
235,000	220,688	(14,312)
<u>(223,188)</u>	<u>(220,688)</u>	<u>2,500</u>
(127,384)	254,140	604,712
<u>1,550,329</u>	<u>1,550,329</u>	<u>-</u>
<u>\$ 1,422,945</u>	<u>\$ 1,804,469</u>	<u>\$ 604,712</u>

Blendon Township
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Blendon Township was established under the laws of the State of Michigan and is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The Township has the following fund types and account groups:

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, state shared revenues, licenses, interest and special assessments are susceptible to accrual. Other receipts become measurable and available when cash is received by the Township and are recognized as revenue at that time.

Governmental funds include the following fund types:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *special revenue funds* account for revenue sources legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

The *agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Account groups. The *general fixed assets account group* is used to account for fixed assets not accounted for in proprietary or trust funds. The *general long-term debt account group* is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

C. Assets, Liabilities and Equity

1. Deposits and Investments.

The Township's investment policies are governed by statutes, formal board policy and administrative procedures. Permissible investments include obligations of the U. S. Treasury and its agencies, Michigan financial institution certificates of deposit, commercial paper with prescribed ratings, U.S. Government repurchase agreements and mutual funds consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The Township's deposits are in accordance with statutory authority. Investments are carried at fair value.

2. Receivables and Payables.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to \$0.

Property taxes attach as an enforceable lien on property as of December 31. Township taxes are levied on the following December 1 and are payable without penalty through February 14. The Township continues to collect taxes until March 15, at which time delinquent real property taxes are returned to the county for collection. The county's policy has been to pay the Township for all delinquent real property taxes returned. The Township continues to collect delinquent personal property taxes. Collections and remittances of Township, County and School taxes are accounted for in the Current Tax Collection Fund. Property taxes levied on December 1 are recorded as revenues in the fiscal year of the levy.

3. Inventories.

Inventories for the various funds do not consist of material accounts. The cost of inventoriable supplies has been recorded as an expenditure at the time of purchase.

4. Fixed Assets.

Fixed assets used in governmental fund types of the Township are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the general fixed assets account group or capitalized in the proprietary funds.

5. Compensated Absences.

Township employees are entitled to certain compensated absences based on their length of employment. Amounts due employees for compensated absences are not material and are recorded as expenditures when they are paid.

6. Long-term Obligations.

The Township reports long-term debt of governmental funds at face value in the general long-term debt account group.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

7. Fund Equity.

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

8. Memorandum Only – Total Columns.

Total columns on the general purpose financial statements are captioned as “memorandum only” because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

9. Comparative Data.

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government’s financial position and operations.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Funds. All annual appropriations lapse at fiscal year end. No budget has been adopted for the Debt Service Fund.

Before March 31, the proposed budget is presented to the Township’s Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control is the activity level. Budgetary control over expenditures is exercised by the Township Board. Appropriated budgets are amended by majority vote of the Township Board. The Township Board made several supplemental budgeting appropriations throughout the year.

B. Excess of Expenditures Over Appropriations

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated, as follows:

<u>Fund/Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General Fund:			
Cemetery	\$ 18,254	\$ 27,790	\$ 9,536
Street lighting	9,075	9,723	648
Insurance and payroll taxes	11,800	18,821	7,021
Fire Operating Fund:			
Capital outlay	26,300	28,128	1,828

NOTE 3. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Deposits. At year-end, the carrying amount of the Township’s deposits was \$1,803,015 and the bank balance was \$1,801,285. Of the bank balance, \$300,000 was covered by federal depository insurance and \$1,501,285 was uninsured and uncollateralized.

B. Interfund Receivables and Payables

The composition of interfund balances as of March 31, 2004, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Collection Fund	\$ 179,458
Fire Operating	General Fund	14,616
Fire Operating	Tax Collection Fund	73,325
Fire Replacement	Tax Collection Fund	146,650
Inspections	General Fund	529
Roads	Tax Collection Fund	219,989
		<u>\$ 634,567</u>

C. Fixed Assets

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

	<u>Balances 4/1/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances 3/31/2004</u>
Land	\$ 21,636	\$ -	\$ -	\$ 21,636
Land improvements	54,942	-	-	54,942
Buildings	665,482	-	-	665,482
Equipment and office furniture	<u>1,205,859</u>	<u>-</u>	<u>-</u>	<u>1,205,859</u>
Total General Fixed Assets	<u>\$ 1,947,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,947,919</u>

D. Long-term Debt

The following is a summary of the Township's long-term debt transactions for the year ended March 31, 2004:

	<u>Note Payable Commercial Pumper</u>
Balance, April 1, 2003	\$ 40,298
New issues	-
Payments	<u>(40,298)</u>
Balance, March 31, 2004	<u>\$ -</u>

E. Property Taxes

The Township's 2003 ad valorem tax was levied and collectible on December 1, 2003 and recognized as revenue during the 2004 fiscal year.

The 2003 state equalized valuation of the Township totaled \$ 204,210,300 and the taxable value totaled \$150,560,638 on which ad valorem taxes levied consisted of .9894 mills for township operating purposes, .4867 mills for fire operating purposes, .9736 mills for fire equipment replacement, and 1.4603 mills for road maintenance. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue.

NOTE 4. OTHER INFORMATION

A. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Township carries full multi-peril insurance coverage underwritten by the Michigan Municipal League. Settled claims for insurance have never exceeded the amount of coverage. There was no reduction of coverages obtained through insurance during the past year.

B. Post-Employment Health Care Benefits

The Township does not provide post-employment care benefits to retired employees.

General Fund

The General Fund is used to account for all financial transactions not properly accounted for in another fund. Most of the current activities of the Township are accounted for through this fund which covers a wider range of activity than other funds. The General Fund receives a variety of revenues, such as general property taxes, license fees, fines, penalties, permit fees, state aid, charges for current services and other revenues.

Blendon Township
GENERAL FUND
COMPARATIVE BALANCE SHEETS
March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash and investments		
Taxes receivable	\$ 1,088,199	\$ 910,092
Assessments receivable	34,197	32,749
Due from other funds	55,110	58,003
	<u>179,458</u>	<u>164,229</u>
 TOTAL ASSETS	 <u>\$ 1,356,964</u>	 <u>\$ 1,165,073</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 8,790	\$ 9,804
Due to other funds	15,145	15,145
Deferred revenue	<u>55,110</u>	<u>58,003</u>
Total Liabilities	79,045	82,952
Fund Balances:		
Unreserved	<u>1,277,919</u>	<u>1,082,121</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,356,964</u>	 <u>\$ 1,165,073</u>

Blendon Township
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 156,830	\$ 154,477	\$ (2,353)
Special assessments	5,615	9,191	3,576
State shared revenues	395,707	409,727	14,020
Charges for services	30,107	70,401	40,294
Interest	3,080	9,143	6,063
Rents	1,500	5,536	4,036
Reimbursements	-	6,602	6,602
Other	6,000	30,554	24,554
Total Revenues	<u>598,839</u>	<u>695,631</u>	<u>96,792</u>
Expenditures:			
General Government:			
Township Board	79,415	60,640	18,775
Supervisor	21,586	18,617	2,969
Elections	7,017	115	6,902
Accounting and auditing	10,000	7,000	3,000
Assessor	32,574	27,953	4,621
Attorney	20,000	4,232	15,768
Clerk	19,512	14,692	4,820
Board of Review	1,568	897	671
Treasurer	22,316	18,475	3,841
Building and grounds	19,092	11,964	7,128
Cemetery	18,254	27,790	(9,536)
Total General Government	<u>251,334</u>	<u>192,375</u>	<u>58,959</u>
Public Safety:			
Law enforcement, Sheriff E-Unit and civil defense	27,849	16,612	11,237
Planning commission	22,574	18,107	4,467
Zoning Board of Appeals	4,393	851	3,542
Total Public Safety	<u>54,816</u>	<u>35,570</u>	<u>19,246</u>

Blendon Township
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - CONTINUED
Year Ended March 31, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Public Works:			
Drains	20,000	6,013	13,987
Highway and streets	410,000	196,280	213,720
Street lighting	9,075	9,723	(648)
Water system	16,000	2,329	13,671
Total Public Works	455,075	214,345	240,730
Other:			
Insurance and payroll taxes	11,800	18,821	(7,021)
Borculo Community Center	8,787	7,815	972
Total Other	20,587	26,636	(6,049)
Capital outlay	27,105	6,595	20,510
Total Expenditures	808,917	475,521	333,396
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(210,078)	220,110	430,188
Other Financing Sources (Uses):			
Operating transfers in	-	98,188	98,188
Operating transfers out	(125,000)	(122,500)	2,500
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(335,078)	195,798	530,876
Fund Balances, April 1	1,082,121	1,082,121	-
Fund Balances, March 31	\$ 747,043	\$ 1,277,919	\$ 530,876

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specific purposes.

Road Millage – The Township established this fund to account for tax revenues levied for the purpose of funding road construction and maintenance.

Fire Operating Fund – The Township established this fund to account for tax revenues levied for the purpose of funding Fire Department operations.

Fire Replacement Fund – The Township established this fund to account for tax revenues levied for the purpose of purchasing new Fire Department equipment.

Inspections – This fund was established to account for revenues and expenditures related to the cost of operating the building construction code enforcement activities of the township. The fund is required by PA 230 of 1972, and amended by PA 245 of 1999.

Blendon Township
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
March 31, 2004

ASSETS	<u>Road Millage</u>	<u>Fire Operating</u>	<u>Fire Replacement</u>
Cash and investments	\$ 1,404	\$ 34,290	\$ 387
Due from other funds	<u>219,989</u>	<u>87,941</u>	<u>146,650</u>
TOTAL ASSETS	<u>\$ 221,393</u>	<u>\$ 122,231</u>	<u>\$ 147,037</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 2,282	\$ -
Accrued wages	<u>-</u>	<u>5,925</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>8,207</u>	<u>-</u>
Fund Balances:			
Reserved for inspections	-	-	-
Unreserved	<u>221,393</u>	<u>114,024</u>	<u>147,037</u>
Total Fund Balances	<u>221,393</u>	<u>114,024</u>	<u>147,037</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 221,393</u>	<u>\$ 122,231</u>	<u>\$ 147,037</u>

	<u>Total</u>	
<u>Inspections</u>	<u>2004</u>	<u>2003</u>
\$ 43,567	\$ 79,648	\$ 32,488
<u>529</u>	<u>455,109</u>	<u>437,715</u>
<u>\$ 44,096</u>	<u>\$ 534,757</u>	<u>\$ 470,203</u>
\$ -	\$ 2,282	\$ 1,995
<u>-</u>	<u>5,925</u>	<u>-</u>
<u>-</u>	<u>8,207</u>	<u>-</u>
44,096	44,096	31,163
<u>-</u>	<u>482,454</u>	<u>437,045</u>
<u>44,096</u>	<u>526,550</u>	<u>468,208</u>
<u>\$ 44,096</u>	<u>\$ 534,757</u>	<u>\$ 470,203</u>

Blendon Township
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
Year Ended March 31, 2004

	<u>Road Millage</u>	<u>Fire Operating</u>	<u>Fire Replacement</u>
Revenues:			
Taxes	\$ 220,036	\$ 73,325	\$ 146,650
Charges for services	-	-	-
Interest	677	812	167
Other	-	8,543	-
Total Revenues	<u>220,713</u>	<u>82,680</u>	<u>146,817</u>
Expenditures:			
Current:			
Salaries	-	80,595	-
Social security	-	5,692	-
Supplies	-	5,585	-
Office supplies	-	247	-
Contracted services	211,830	698	400
Membership dues	-	2,354	-
Insurance	-	20,768	-
Utilities	-	8,397	-
Telephone	-	3,376	-
Repairs and maintenance	-	15,370	-
Miscellaneous	-	2,457	-
Capital outlay	-	29,055	-
Debt service:			
Principal retirement	-	-	40,298
Interest and fiscal charges	-	-	1,991
Total Expenditures	<u>211,830</u>	<u>174,594</u>	<u>42,689</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,883	(91,914)	104,128
Other Financing Sources (Uses):			
Operating transfers in	-	122,500	-
Operating transfers out	-	-	(98,188)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	8,883	30,586	5,940
Fund Balances, April 1	<u>212,510</u>	<u>83,438</u>	<u>141,097</u>
Fund Balances, March 31	<u>\$ 221,393</u>	<u>\$ 114,024</u>	<u>\$ 147,037</u>

<u>Inspections</u>	<u>Totals</u>	
	<u>2004</u>	<u>2003</u>
\$ -	\$ 440,011	\$ 422,570
49,515	49,515	46,668
282	1,938	4,116
-	8,543	13,209
<u>49,797</u>	<u>500,007</u>	<u>486,563</u>
35,550	116,145	119,672
-	5,692	7,296
36	5,621	7,162
-	247	364
400	213,328	211,038
75	2,429	6,331
-	20,768	17,618
-	8,397	8,614
-	3,376	3,009
-	15,370	16,422
803	3,260	6,469
-	29,055	483,003
-	40,298	38,400
-	1,991	3,888
<u>36,864</u>	<u>465,977</u>	<u>929,286</u>
12,933	34,030	(442,723)
-	122,500	453,716
-	(98,188)	(10,167)
12,933	58,342	826
<u>31,163</u>	<u>468,208</u>	<u>467,382</u>
<u>\$ 44,096</u>	<u>\$ 526,550</u>	<u>\$ 468,208</u>

Fiduciary Funds

Fiduciary Funds are set up for the purpose of accounting for money and property received from nonenterprise fund sources and held by a governmental unit in the capacity of trustee, custodian or agent for individuals, governmental entities and nonpublic organizations.

Current Tax Collection Fund – The Township established this fund to account for property taxes levied and collected until they can be distributed to the individual taxing jurisdiction.

Escrow Deposit Fund – This fund was established to account for good faith deposits received in connection with agreements with certain local businesses. The deposits will be returned to the business upon completion of the agreement.

Blendon Township
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
Year Ended March 31, 2004

	<u>Tax Collection</u>	<u>Escrow Deposit</u>	<u>Totals</u>	
			<u>2004</u>	<u>2003</u>
ASSETS				
Cash and investments	<u>\$ 631,615</u>	<u>\$ 3,553</u>	<u>\$ 635,168</u>	<u>\$ 943,630</u>
LIABILITIES				
Due to other funds	\$ 619,422	\$ -	\$ 619,422	\$ 586,799
Due to other governmental units	12,193	-	12,193	355,246
Escrow deposits	<u>-</u>	<u>3,553</u>	<u>3,553</u>	<u>1,585</u>
TOTAL LIABILITIES	<u>\$ 631,615</u>	<u>\$ 3,553</u>	<u>\$ 635,168</u>	<u>\$ 943,630</u>

Blendon Township
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended March 31, 2004

	<u>Balance 4-1-03</u>	<u>Collections</u>	<u>Payments</u>	<u>Balance 3-31-04</u>
<u>CURRENT TAX COLLECTION FUND</u>				
ASSETS				
Cash	\$ <u>942,045</u>	\$ <u>4,028,155</u>	\$ <u>4,338,585</u>	\$ <u>631,615</u>
LIABILITIES				
Due to other funds	\$ 586,800	\$ 619,422	\$ 586,800	\$ 619,422
Due to other governmental units	<u>355,245</u>	<u>3,414,256</u>	<u>3,757,308</u>	<u>12,193</u>
TOTAL LIABILITIES	\$ <u>942,045</u>	\$ <u>4,033,678</u>	\$ <u>4,344,108</u>	\$ <u>631,615</u>
<u>ESCROW DEPOSIT FUND</u>				
ASSETS				
Cash	\$ <u>1,585</u>	\$ <u>14,926</u>	\$ <u>12,958</u>	\$ <u>3,553</u>
LIABILITIES				
Escrow deposits	\$ <u>1,585</u>	\$ <u>14,926</u>	\$ <u>12,958</u>	\$ <u>3,553</u>
<u>TOTALS-ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ <u>943,630</u>	\$ <u>4,043,081</u>	\$ <u>4,351,543</u>	\$ <u>635,168</u>
LIABILITIES				
Due to other funds	\$ 586,800	\$ 619,422	\$ 586,800	\$ 619,422
Due to other governmental units	355,245	3,414,256	3,757,308	12,193
Escrow deposits	<u>1,585</u>	<u>14,926</u>	<u>12,958</u>	<u>3,553</u>
TOTAL LIABILITIES	\$ <u>943,630</u>	\$ <u>4,048,604</u>	\$ <u>4,357,066</u>	\$ <u>635,168</u>

SECURITIES AND EXCHANGE COMMISSION
RULE 15c2-12 CONTINUING DISCLOSURE

Blendon Township
HISTORICAL STATE EQUALIZED VALUATION
AND COMPONENTS OF STATE EQUALIZED VALUE

Historical State Equalized Valuation	
Year*	Total SEV
1994	\$ 89,413,800
1995	95,934,300
1996	102,540,500
1997	110,812,310
1998	126,059,900
1999	143,307,800
2000	152,813,800
2001	175,426,400
2002	188,327,200
2003	204,210,300

Components of State Equalized Value					
	2003	2002	2001	2000	1999
Agricultural	\$ 44,886,900	\$ 41,775,700	\$ 36,148,900	\$ 29,062,900	\$ 22,670,600
Commercial	4,108,600	3,235,000	2,875,500	2,202,400	1,733,300
Industrial	2,515,300	2,616,200	2,293,800	1,867,000	1,200,900
Residential	146,031,400	134,182,800	127,853,900	104,870,600	95,286,600
Total Real Property	197,542,200	181,809,700	169,172,100	138,002,900	120,891,400
Total Personal Property	6,668,100	6,517,500	6,254,300	5,304,900	5,168,500
Total SEV	<u>\$ 204,210,300</u>	<u>\$ 188,327,200</u>	<u>\$ 175,426,400</u>	<u>\$ 143,307,800</u>	<u>\$ 126,059,900</u>

Components of 2003 Taxable Value	
Agricultural	\$ 22,123,976
Commercial	3,180,933
Industrial	1,491,078
Residential	<u>117,145,240</u>
Total Real Property	143,941,227
Total Personal Property	<u>6,619,411</u>
TOTAL TAXABLE VALUE	<u>\$ 150,560,638</u>

* Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

Blendon Township
MAJOR TAXPAYERS AND TAX RATES

Major Taxpayers

<u>Taxpayer</u>	<u>Product/Service</u>	<u>2003 Taxable Value</u>	<u>Percentage of Total 2003 Taxable Value</u>
Consumers Energy Company	Utility	\$ 2,215,932	1.47%
Robert Sawyer Leasing	Flowers, Plants	1,831,144	1.22%
MI Electric Trans. Co., LLC	Utility	1,014,200	0.67%
Semco	Utility	947,364	0.63%
Buist Greenhouse	Flowers	882,604	0.59%
Dykema, Schut Development	Development	702,064	0.47%
Kent Vande Vrede	Residence	654,359	0.43%
Calvin Dys	Residence	502,336	0.33%
BMC Realty	Development	452,563	0.30%
Ottawa Roof Truss Co.	Wood Trusses	445,250	0.30%

The above taxpayers represent 6.4079% of the total 2003 Taxable Value of the Township.

Tax Rates¹
(Per \$1,000 of Taxable Value)

<u>Fiscal Year</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Blendon Township:					
Operating	0.9894	0.9973	1.0085	1.0163	1.0230
Fire Operating	0.4867	1.4720	0.4962	0.4787	0.4885
Fire Replacement	0.9736	0.9813	0.9924	1.0000	1.0000
Roads	1.4603	1.4720	-	-	-
Ottawa County Operating	3.4000	3.4000	3.5000	3.6000	3.6000
Ottawa County E-911	0.4429	0.4464	0.4493	0.4545	0.4545
Ottawa County Parks	0.3182	0.3208	0.3229	0.3245	-
Intermediate School District	4.2305	4.2688	4.2854	4.2999	4.3353
Hudsonville Schools ^{2,3}	9.0000	9.0000	9.0000	9.0000	9.0000
State Education Tax	6.0000	6.0000	6.0000	6.0000	6.0000
Total	<u>27.3016</u>	<u>28.3586</u>	<u>26.0547</u>	<u>26.1739</u>	<u>25.9013</u>

¹Taxes levied December 1 of prior year.

²Two local school districts fall within the boundaries of the Township. They are Hudsonville and Zeeland School Districts. That rates shown are the highest any resident of the Township would pay.

³This is the rate for homesteads, the non-homestead rate is 26.00

Blendon Township
TAX COLLECTIONS

Year*	Tax Levy	Collections to March 1 Each Year	
		Amount	%
1994	221,174	200,953	90.86%
1995	231,379	213,252	92.17%
1996	247,767	227,159	91.68%
1997	275,542	255,247	92.63%
1998	287,248	273,924	95.36%
1999	308,855	287,641	93.13%
2000	331,822	312,061	94.04%
2001	539,051	501,259	92.99%
2002	565,731	532,982	94.21%
2003	630,481	596,623	94.63%

*Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

GENERAL FUND REVENUES AND EXPENDITURES
(Years Ended March 31)

	2004	2003	2002	2001	2000
Revenues	\$ 700,567	\$ 733,634	\$ 789,933	\$ 685,200	\$ 651,389
Expenditures	<u>475,521</u>	<u>527,200</u>	<u>489,484</u>	<u>479,413</u>	<u>586,439</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	225,046	206,434	300,449	205,787	64,950
Other financing Sources (Uses):					
Operating Transfers In	98,188	10,167	15,828	-	71,787
Operating Transfers Out	(122,500)	(453,716)	(64,378)	-	-
Fund Balance, April 1	<u>1,082,121</u>	<u>1,319,236</u>	<u>1,067,337</u>	<u>861,550</u>	<u>724,813</u>
Fund Balance, March 31	<u>\$ 1,282,855</u>	<u>\$ 1,082,121</u>	<u>\$ 1,319,236</u>	<u>\$ 1,067,337</u>	<u>\$ 861,550</u>

Blendon Township
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

Direct Bonded Indebtedness

No direct bonded indebtedness at March 31, 2004

Overlapping Bonded Indebtedness

<u>Municipality</u>	<u>Total Debt</u>	<u>Blendon Township's Share</u>	
Hudsonville School District	\$ 64,640,680	10.60%	\$ 6,851,912
Zeeland School District	78,485,000	6.71%	5,266,344
Ottawa County	18,090,000	1.99%	359,991
Ottawa Area Intermediate School District	8,130,000	1.75%	<u>142,275</u>
Net Overlapping Debt			<u>\$ 12,620,522</u>
Net Direct and Overlapping Debt			<u>\$ 12,620,522</u>

Summary of Direct and Overlapping Debt

Population (2000 Estimate)		5,721
2003 Actual Valuation (True Cash Value)	\$	150,560,638
2003 SEV	\$	204,210,300
2003 Taxable Value	\$	204,210,300
Per Capita Taxable Value	\$	35,695
Per Capita SEV	\$	35,695
Net Direct Debt	\$	-
Per Capita	\$	-
Ratio to 2003 Taxable Value		0.00%
Ratio to 2003 SEV		0.00%
Ratio to 2003 True Cash Value		0.00%
Net Direct and Overlapping Debt	\$	12,620,522
Per Capita	\$	2,206.00
Ratio to 2003 Taxable Value		6.18%
Ratio to 2003 SEV		6.18%
Ratio to 2003 True Cash Value		8.38%

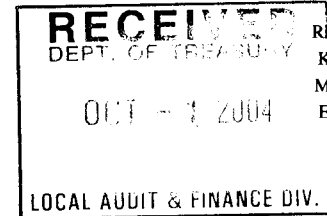
The Township has never defaulted on payment of its bonded indebtedness.

Bonded Debt Limit

There is no bonded debt limit for general law townships under the State Constitution and laws.

Blendon Township
INDEBTEDNESS OUTSTANDING FOR THE LAST FIVE YEARS

<u>Year</u>	<u>Debt Outstanding on March 31</u>
2000	
2001	\$ 179,462
2002	146,945
2003	78,698
2004	40,298
	-



Calvin Scholma
Richard Shumaker
Kenneth Scholma
Michael Brandsen
Emil Sabolish, Jr.
David Nienhuis
Harris Kiekover

June 2, 2004

Township Board
Blendon Township

In planning and performing our audit of the general purpose financial statements of Blendon Township, for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control. However, we noted the following matters involving the internal control and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgement, could adversely affect Blendon Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

We believe the following are reportable conditions as defined above.

1. Effective internal controls require the appropriate segregation of duties and/or crosschecks. The basic premise is that no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. This results in the danger that intentional or unintentional errors could be made and not detected.

Currently, only the signature of the treasurer is required on checks written from the Township's Tax Collection Fund checking account. The treasurer is also responsible for all accounting records and transactions related to this checking account and the Tax Fund. We recommend that dual signatures be required for all Tax Fund checks (as well as for any other checking accounts the Township may maintain that do not already require such dual signatures).

2. The State of Michigan recommended budget for the general fund and special revenue funds must include for each fund:
 - Actual expenditures for the most recently completed fiscal year
 - Estimated expenditures for the current fiscal year
 - An estimate of the expenditures in the next fiscal year
 - Actual revenue for the most recently completed fiscal year
 - Estimated revenue for the current fiscal year
 - An estimate of the revenue in the next fiscal year
 - Beginning and ending fund balance for each year
 - An estimate of the amounts needed for deficiency, contingent, or emergency purposes

Currently, the budget is not in the State of Michigan required format.

We also offer the following other comments and recommendations for your consideration.

NEW FINANCIAL REPORTING MODEL

Governmental Accounting Standards Board (GASB) Statement No. 34 requires a new financial statement-reporting model. This model will have to be implemented by the Township in its fiscal year beginning April 1, 2004. Some of the significant changes contained in this model include:

- A "Management's Discussion and Analysis" section.
- Entity-wide financial statements (balance sheet and operating statement) prepared on a full accrual basis. There will be two columns, one for governmental activities and one for enterprise activities.
- Capital assets and their related depreciation will be reported.


In light of this new model, the Township may want to consider compiling a fixed asset listing, based on estimates, for the general fixed assets of the Township. Such a listing could also be helpful for insurance purposes, both in substantiating a property claim and for ensuring the appropriate limit for property insurance.

FIXED ASSET CAPITALIZATION POLICY

Governmental fund-type fixed assets are required to be capitalized and reported in the Township's general fixed assets account group. We recommend the Township adopt a fixed asset capitalization policy for the general fixed assets account group, setting appropriate cost amounts that would be capitalized and estimated asset lives. This would assist the Township in the consistent capitalization of fixed assets from year to year. It would also be helpful in implementing the new financial reporting model required by Governmental Accounting Standards Board Statement No. 34 mentioned above.

It's a pleasure to work with your staff. We would like to express our appreciation for the courtesy and cooperation extended by all Township staff to us during the engagement. We are available to help with any of the items mentioned above or any other matters of concern to the Township.

Very truly yours,


Kiekover, Scholma & Shumaker, PC